

C O N F I D E N T I A L SECTION 01 OF 04 TEL AVIV 002346

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SUBJECT: SHEETRIT OFFERS VIEWS ON REALIGNMENT,
NEGEV/GALILEE DEVELOPMENT, AND OUTPOSTS

REF: TEL AVIV 2271

Classified By: Ambassador Richard H. Jones for reasons 1.4 (b) and (d)

¶1. (C) Summary: Minister of Construction and Housing Meir Sheetrit told the Ambassador on June 14 that the GOI should have started planning Gaza disengagement well in advance to have permanent homes available for the settlers who were evacuated. He said this would have saved the GOI a considerable amount of money on temporary houses, and added that he is willing to take on the responsibility of providing housing for West Bank settlers if a realignment takes place. However, he stated bluntly that he is unhappy with the realignment plan because this was not part of Kadima's original platform, former PM Sharon opposed further unilateral steps, and it will not lead to peace. The Ambassador said that for now realignment is not a concrete plan, and that the President made clear to Prime Minister Ehud Olmert that the USG prefers negotiations rather than unilateral action by the GOI. Sheetrit thanked the U.S. for maintaining pressure on Hamas to accept the three conditions necessary for recognition, and said that if the international community also pressures the group, it may eventually comply and Israel may be able to deal with it at some point in the future. He added, however, that if Hamas does not accept the conditions, Israel should prepare itself for a long interim period in which there is no peace, and wait for a new Palestinian government to rise. Sheetrit expressed concern about Qassam rockets landing in Sderot, but also with Israeli retaliation in urban areas in the Gaza Strip, which he characterized as a "mistake." He claimed to have predicted an incident like that of the Palestinian family killed on the beach on June 9, and said another such event would turn everything "upside down." The Ambassador recounted his experience with the Israel Lebanon Monitoring Group (ILMG), and noted that the beach incident is an example of a case that could be turned to a group such as the ILMG. He explained that this would also help Palestinian Authority (PA) President Mahmud Abbas increase public support. Sheetrit commented that the GOI does not talk to Abbas but that it should, especially if there is to be another realignment.

¶2. (C) Summary cont: Sheetrit referred back to Gaza disengagement, and said that it would have been good if the evacuees had moved to the Negev or the Galilee. He remarked to the Ambassador that northern and southern Israel lack transportation infrastructure, but reported that the GOI will be spending about \$10 billion over the next five years to improve and extend the railroads and highways in these areas. He complained about a lack of aid for urban and social renewal, and the Ambassador noted the contrast between spending in settlements and spending in the Negev and Galilee. The Ambassador asked Sheetrit about his thoughts on outposts, and Sheetrit called them a "shame to law enforcement in Israel," and said that "they should just go." He defended settlements as being legally established, however, and acknowledged that growth would continue in the settlement blocs because the GOI is going to "keep those." Sheetrit agreed to provide the Embassy with advance warning of any tenders that the GOI plans to issue.

¶3. (C) Summary cont: In a brief pull aside after the meeting, Sheetrit further showed his frustration with the new GOI. He urged the Ambassador to ask Washington that it listen to all the voices within the government -- not just those around the PM. End summary.

Gaza Disengagement Should
Have Been Better Organized

¶4. (C) Minister of Construction and Housing Meir Sheetrit agreed with the Ambassador in a June 14 meeting that the Ministry of Construction and Housing (MOCH) would have a key role in any future settlement evacuations under the GOI's realignment plan. He said that the GOI would have to start planning in advance. It was inexcusable that the government did not start building permanent houses for Gaza evacuees until after the disengagement began, he said. As a result, he explained, Israel spent \$100,000 per home for temporary houses for the evacuees, when that money would have been better spent on permanent homes. According to Sheetrit, approximately 1,400 settler families are still in temporary

quarters, 50 families are in permanent homes in the Ashkelon area, and 100 other families are dispersed elsewhere. He claimed that there were "too many cooks in the kitchen" when the GOI was planning housing for the settlers, including the Ministry of Defense (MOD), the Disengagement Authority, the Jewish Agency, and the municipalities. In the end the GOI was unprepared to handle the evacuees. Sheetrit emphasized that he would take on the responsibility of establishing housing as quickly as possible for evacuated West Bank settlers if the GOI gives him the tools necessary to do so. He mentioned that he hoped Gaza settlers' temporary homes could be turned over to the homeless in Israel because they have roads, schools, and other infrastructure already in place.

Sheetrit: Realignment
Will Not Lead to Peace

15. (C) The Ambassador noted that proper planning will be particularly important if Israel wants West Bank settlers to leave peacefully. Sheetrit agreed, cautioning that it would be impossible to evacuate 60,000-80,000 settlers against their will. He bluntly confided, however, that he is not happy with the realignment plan because it was not on Kadima's platform when former Prime Minister Ariel Sharon first launched the party. He claimed that he personally knows that Sharon was against further unilateral actions. Sheetrit said that there are two ways to end the Israeli-Palestinian conflict. He noted that his preference is for a process by which peace can be achieved in time, thus making it easier for settlers to eventually leave the West Bank quietly, which he thought they would do in the context of a peace agreement -- but not as part of a unilateral plan. The alternative would mean leaving more territory now, and subsequently having a terrorist semi-state as a neighbor. He advised that if Israeli gives up the central West Bank, while keeping the Jordan Valley and the settlement blocs, the Palestinians will not accept this, and it will not be a solution for either the Palestinians or the Israelis because there will not be peace. Sheetrit asked rhetorically, "If we leave, what is the next step?"

We Could Deal With Hamas

16. (C) The Ambassador said that for now realignment is an idea without much detail, not a concrete plan, and highlighted that the President made clear to Prime Minister Ehud Olmert in their meeting in May that the USG strongly prefers a serious negotiating effort with Palestinian Authority (PA) President Mahmud Abbas prior to any unilateral action by the GOI. He explained that Israel would have to clearly pursue a credible process of creating a Palestinian partner. Sheetrit asked what would happen if the GOI did not negotiate with Hamas, and said that for the time being he favors keeping pressure on Hamas until the government falls and a new government rises. He thanked the U.S. for maintaining pressure on Hamas, and insisting that the group recognize Israel, renounce terrorism, and accept previous agreements. He assessed that if the rest of the international community also pressures Hamas to accept these conditions, there may be the possibility that Israel could at some point deal with Hamas. Sheetrit commented that this is the paradox of the doves of war and the hawks of peace, characterizing Hamas as the Palestinian right-wing, which could bring peace between the Israelis and Palestinians. If Hamas does not accept the international community's conditions, however, Israel would have to prepare itself for a long interim period in which there is no peace, and in which the GOI would have to try to control Palestinian terrorism as much as possible while allowing Palestinians to live in the best way they could, according to Sheetrit.

17. (C) The Ambassador noted that part of the GOI's plan to control terrorism is to build the separation barrier. Sheetrit wondered aloud why construction is taking so long, particularly in the southern West Bank. He claimed that "they are just lazy," and recounted that during his tenure as a minister in the Finance Ministry in 2003, he held the line on the MOD's budget, but told Defense officials that there would be no limit to the amount he would give the MOD for construction of the barrier. He told the Ambassador that he would have been willing to utilize U.S. loan guarantees if necessary to build the barrier.

Violence in Gaza

18. (C) Sheetrit expressed his concern about Qassams landing in Sderot, but also with what he called "our mistake" of the killings of Palestinian civilians in counter attacks against Qassam rockets. He said that he had told Sharon that

shooting in densely populated Palestinian urban areas would not achieve anything, "not even deterrence." Sheetrit reported that he had once formed a brainstorming group to deal with the Qassam attacks issue, and that it had to recommended the development of a Qassam-like retaliation weapon that makes a lot of noise but does little damage. He said that the GOI needs a clever way to deter attacks without causing damage, and added that with a weapon of this type, if the Palestinians launch two Qassams at Sderot, the IDF could launch 200 in response. The Ambassador recounted his experience in Lebanon with the Israel Lebanon Monitoring Group (ILMG), consisting of Syria, France, Israel, Lebanon, and the U.S., which served as a forum for investigating complaints of violence directed against civilians. He explained that the ILMG became an intellectually honest exercise in which both the Israelis and Lebanese admitted mistakes, and he noted that the beach incident is a perfect example of a case that could be referred to such a group to short-circuit the inevitable escalation in violence. The Ambassador also commented that an ILMG-type group might provide an opportunity for PA President Abbas and to gain support by appointing the Palestinian representative in the group.

The GOI Should Talk to Abbas,
Especially if Realignment Occurs

19. (C) Sheetrit responded that the GOI is not talking to Abbas, "although I think we should." He characterized Abbas as weak, but said that he has good intentions. He opined that the GOI should have met with him when planning Gaza disengagement, and admitted that if the GOI had coordinated disengagement with the PA, it would have solved the problem of the settler house demolitions. Sheetrit said that he was against the demolitions, and that the houses should have been given to refugees. He claimed that he met with settlers when he was "responsible for the compensation law," and that they told him they did not want the houses demolished because they hoped to some day return under peaceful circumstances to show their children where they had once lived. The Ambassador pointed out that there would be even more empty houses after evacuations from the West Bank, and Sheetrit underlined that if the evacuations take place without coordination, there will be "total chaos" in the West Bank. He reiterated that he does "not accept" or "think it's right" to go through with realignment. Sheetrit said even Yossi Beilin is against realignment if it means transferring settlers to the seam zone instead of to Green Line Israel.

Strengthening the Negev and Galilee

10. (C) Referring back to Gaza disengagement, and possibly looking forward to West Bank evacuations, Sheetrit opined that it would have been a good idea if Gaza evacuees had moved to the Negev or the Galilee. He said they did not, however, because the settlers wanted to remain together and not join already established communities. According to Sheetrit, this has doubled the cost for the GOI to build new communities for them, and he opined that the government should have simply given the settlers money and had them buy or rent houses on their own without offering to build new communities. He claimed the GOI offered settlers an extra \$30,000 to go to either the Negev or the Galilee, but few took the offer.

11. (C) The Ambassador asked whether Sheetrit as Housing Minister is working on the Negev and Galilee now with Shimon Peres. Sheetrit responded sarcastically that "Peres is in the stratosphere" and needs "cement legs to stay on earth." He remarked, however, that there is a lot of competition between central Israel and more remote areas, and that many contractors are lobbying hard for zoning changes in central Israel to build more homes because "there is a lot of money in this for them." Sheetrit said there is no interest in the south because it lacks transportation infrastructure. He said that the National Highways Company has a plan and 5-year budget of NIS 19 billion (\$4.2 billion) to build roads to enable residents in any part of the country to reach a major metropolitan center in 30 minutes. He explained that residents of the Galilee should be able to get to Haifa in 30 minutes, residents of central Israel should get to Tel Aviv or Jerusalem in 30 minutes, and residents in the Negev should arrive in Beer Sheva in 30 minutes. He noted that a plan with a NIS 26 billion budget (\$5.8 billion) has also been approved for additional trains, and all that is needed is to "cut the ribbons."

12. (C) Sheetrit complained that funds are also needed for urban and social renewal. He noted that the budget last year only appropriated \$2 million to strengthen town centers and neighborhoods when residents flee to new suburbs, and the old or poor are left behind. He said that the budget this year

is only \$300,000. Sheetrit claimed that grants for social renewal in the Negev and Galilee have been cut to zero.

Outposts? Easy, Just
Kick Them Out

¶13. (C) The Ambassador remarked that this is in stark contrast to the incentives that are given to settlers in the West Bank, and Sheetrit agreed, adding that he is "against it." He commented that the incentives are very costly for the government. He also objected to the many settlements that have special committees which prevent people from moving to the settlements if they do not have the "right" ideology. He said that a number of the settlers are from the extreme right-wing, and that they have their own way of thinking and their own education systems. The Ambassador asked Sheetrit about his thoughts on outposts, and the GOI's negotiations with settlers to dismantle them. Sheetrit replied that outposts are a "shame to law enforcement in Israel," without having anything to do with the Palestinians. He told the Ambassador that he knows that outposts have received money from the government, particularly his own ministry, and that this has taken place with or without the top political echelon being aware, although he quickly claimed that Sharon did not encourage outposts after he became prime minister. Sheetrit defended settlements, saying that they exist legally, but stressed that outposts do not, so the government should not negotiate with the settlers to remove them, and that "they should just go." He mentioned that he has heard a lot of talk about the negotiations, but claimed that Defense Minister Amir Peretz is not acting decisively and is dragging his feet. According to Sheetrit, Peretz should simply call the settlers with a deadline to leave, and kick them out if they do not. He added that he expects the outposts to be demolished before the beginning of a realignment.

Construction in Settlements
Blocs To Continue

¶14. (C) The Ambassador asked about construction in the settlements blocs, and noted the tender for construction of 53 single-family homes in Elkana settlement, south of Qalqilya (reftel). Sheetrit responded that the GOI would not provide funds to outposts, but that growth would continue in the settlement blocs because the GOI is going to "keep those." The Ambassador emphasized that the GOI has committed to the USG to freeze settlement expansion. He asked whether Sheetrit would revive a previous practice of providing the Embassy advance warning -- before publication -- of any tenders that the GOI plans to issue, and Sheetrit asked for clarification. Dr. Chaim Fialkoff, senior deputy director general for planning and coordination at the MOCH, explained to Sheetrit that former Housing Minister Natan Sharansky had called the Embassy before tenders were published in the Israeli press. Sheetrit agreed that this could be continued. Fialkoff also reported to the Ambassador that the MOCH's staff is currently preparing a report for Sheetrit to inform him of planning activities taking place in the ministry. Both Fialkoff and Sheetrit offered to provide the Ambassador a copy when the report is finished.

¶15. (C) In a brief pull aside at the end of the meeting, Sheetrit asked to raise a "political issue." He then asked the Ambassador to advise Washington not just to listen to those around the Prime Minister. There are other voices (including his) within the GOI which should be heard, he said. Comment: Sheetrit's remarks indicate the fragility of the new GOI, with party members like these who need (political) enemies. End comment.

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JONES